

Canadian Cottons

Limited

MONTREAL, CANADA

ELEVENTH ANNUAL REPORT

FOR YEAR ENDING 31ST MARCH, 1921

PRESENTED TO THE SHAREHOLDERS
AT THE ANNUAL MEETING OF THE COMPANY
HELD AT MONTREAL, THE 16TH MAY, 1921

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BOARD OF DIRECTORS

President

CHAS. R. HOSMER

Vice-President

A. O. DAWSON

HON. F. L. BEIQUE, K.C. A. A. MORRICE

GEORGE CAVERHILL SIR H. MONTAGU ALLAN

W. J. MORRICE

A. O. DAWSON, *Managing Director*

A. BRUCE, *Secretary-Treasurer*

Canadian Cottons

Limited

TO THE SHAREHOLDERS:

YOUR Directors regret their inability to present as favourable an Annual Report for the year ending 31st March, 1921, as was anticipated when they met the Shareholders in May, 1920.

The first half of the year was favourable, but during the last six months your Company was materially affected by the severe and wide depression which existed in your business, on account of the lack in demand for merchandise, cancellation of orders and the depreciation of inventories to market values, in some cases the value of cotton goods such as your Mills produce fell over fifty per cent.

In following the usual custom of protecting unfilled customers' orders exceedingly large losses were incurred.

Notwithstanding the adverse conditions above enumerated, your Directors believe that the statements submitted will be considered satisfactory.

The Net Manufacturing Profits, Rentals and Interest on Investments amount to \$867,805.58, after making provision for Government Taxes.

These profits were disposed of as follows:

Bond Interest, including Exchange on Coupons	\$188,607.00
Dividends on Preferred and Common Stock	- 436,930.00
Depreciation on Plant and Machinery	- - - 200,000.00
Provided for Bad Debts	- - - - 5,673.66
Carried to Profit and Loss Account	- - - 36,594.92

There has been added to Capital Account during the year, in the way of extensions to plant and machinery, the sum of \$1,660,923.34.

This expenditure was incurred in making additions to the various mills and in renewing and increasing the capacity of your water-powers and steam plants, which will result in enlarged output, greater efficiency and reduced costs in the future.

The statement shows a balance of \$1,276,055.64 of current assets over current liabilities, and in addition there is held \$1,525,000.00 of six per cent. Bonds of the Dominion Textile Company, being the unused portion of the proceeds of the sale of the Mount Royal Mill.

It is difficult at the moment to anticipate the results for the coming year. Stocks of goods are exceptionally low in both the hands of the Wholesaler and Retailer, and inventories of all descriptions have been marked down to current prices, so that your Company is in a position to quickly profit by any improvement in the situation.

Your Directors take this opportunity of expressing their full appreciation of the faithful services of the staff and employees during a very trying period.

The Books and Accounts of the Company have been duly audited and the Auditor's report is submitted herewith.

Respectfully submitted,

CHARLES R. HOSMER,

President.

Canadian Cotton

MANUFACTURING

FOR YEAR ENDING

DR.

To Raw Material, Manufacturing Cost, Marketing
of Products, Administration, Repairs, Replace-
ments, Maintenance, etc., and War Taxes to date. \$10,817,112.02

To Balance

Net Profits to Profit and Loss Account	-	-	679,468.93
			<u>\$11,496,580.95</u>

PROFIT AND LOSS

FOR YEAR ENDING

To Bond Interest on net amount outstanding and exchange on Coupons	-	-	-	\$188,607.00
Four Dividends of 1½% each on Preferred Shares	-	-	-	219,690.00
Four Dividends of 2% each on Common Shares	-	-	-	<u>217,240.00</u>
				\$625,537.00
Bad Debts	-	-	-	5,673.66
Depreciation on Plant	-	-	-	200,000.00
Balance forward	-	-	-	<u>36,594.92</u>
				<u>\$867,805.58</u>

ons, Limited

ING ACCOUNT

31st MARCH, 1921

CR.

By Sales - - - - - \$11,231,102.51

Add inventory of Cloth and Cotton in process of
Manufacture, 31st March, 1921 - - - 972,728.00

\$12,203,830.51

Less inventory of Cloth and Process on hand
31st March, 1920 - - - - - 707,249.56

\$11,496,580.95

LOSS ACCOUNT

31st MARCH 1921

By Net Manufacturing Profits - - - - \$679,468.93

By Interest on Investments - - - - 188,336.65

\$867,805.58

Canadian Co

GENERAL

YEAR ENDING

ASSETS

Cash	-	-	-	-	-	\$24,516.84
Book Debts, net cash basis, Bills						
Receivable and Sundry Open						
Accounts	-	-	-	-	-	1,697,798.35

Inventory of

Cloth	-	-	\$760,279.86
Process and Yarns	214,904.98		
Raw Cotton	-	391,787.76	
Supplies	-	-	182,477.51
Insurance unearned	97,670.00		
			<u>1,647,120.11</u>

Dominion War Loan Bonds	-	135,000.00
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Total Current Assets \$3,504,435.30

Bonds, in Treasury and for Sinking		
Fund	- - - - -	1,111,624.73

Stocks in other Companies	-	-	306,084.26
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Proceeds of properties sold	-	-	1,525,000.00
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PROPERTIES

Mills, Properties, Plants, Waterpowers, etc.	-	10,083,414.39
		<u>\$16,530,558.68</u>

Montreal, 4th May, 1921

Verified, ARTHUR H. PLIMSOLL, F.C.A. (Can.), Auditor.

ons, Limited

STATEMENT

31st MARCH, 1921

LIABILITIES

Bank Advances - - -	\$1,067,895.01	
Open Accounts including Estimated Tax Reserve - - -	983,668.78	
Bond Interest accrued and Divi- dends payable April 4th - -	145,712.50	
Bills payable - - -	31,103.37	
Total Current Liability		\$2,228,379.66

<u>BONDS</u> - - - -	5,000,000.00	
Less Redeemed - - -	494,895.00	
		4,505,105.00

CAPITAL

Preferred Authorized, \$4,500,00.00 - -	Issued	3,661,500.00
Common Authorized, \$3,500,00.00 - -	Issued	2,715,500.00
Reserve for Bad Debts - -		100,000.00
Reserve for Special Replacements		600,000.00

SURPLUS

Balance at Credit of Profit and Loss, 31st March, 1920 -	2,683,479.10	
Balance of Profits to 31st March, 1921	36,594.92	
		2,720,074.02

INDIRECT LIABILITIES

Customers' paper under discount	\$370,388.69	\$16,530,558.68
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C. R. HOSMER } Directors.
A. O. DAWSON }

A. BRUCE,
Secretary-Treasurer

AUDITOR'S CERTIFICATE

I have examined the Books and Accounts of Canadian Cottons, Limited, for the year ending the 31st March, 1921.

I have obtained all the information and explanations required, and now certify that, in my opinion, the foregoing statements and balance sheet are properly drawn up so as to exhibit a true and correct view of the year's operations and of the state of the Company's affairs at its close, according to the best of my information and the explanations given to me and as then shown by the books of the Company.

ARTHUR H. PLIMSOLL,
F.C.A. (Can.)

Montreal, May 4th, 1921.

